

RETIREMENT LAWS COMMITTEE

Study Assignment

A continuing study of the pension, annuity, and benefit laws relating to employees and officers in public service.

Summary of Interim

The committee received an update on the condition of the retirement funds and heard a short history of the South Dakota Retirement System. The investment fund is still in very good condition, despite the unfavorable market. Due to the surplus balance, the fund can sustain similar market losses for another year, but benefit levels will need to be evaluated if conditions worsen for a longer period.

The committee also heard testimony from numerous organizations on the issue of retire/rehire. The current provision allows a retiree to be reemployed immediately upon retirement with the same employer and draw both the retirement benefit and a salary. The organizations supporting the current policy testified that it is a very effective retention tool, especially in the school districts. They say the current policy has been long-standing and is permitted by law. Members have earned the benefit and are entitled to it, regardless of reemployment. Current demographics show a rapidly aging workforce and it is because of this, supporters say, that adjustments to the workforce will be crucial in the near future.

Opponents to the retire/rehire provision testified that members are not treated uniformly because of different employer practices. Some employers allow the practice while others do not. There is a cost to the system; however, it is not substantial.

As of March 2002, there were three hundred ninety-nine reemployed retirees, and the average length of reemployment was about twenty months.

Listing of Legislation Adopted

None.

Summary of Meeting Date & Places and Listing of Committee Members

The committee met one time, on June 20, 2002, at the Ramkota Inn, Pierre. The meeting was held jointly with the Board of Trustees of the South Dakota Retirement System.

Committee members were Senator Kenneth D. Albers, Chair; Representative Matthew Michels, Vice Chair; Senators Larry W. Diedrich, Royal "Mac" McCracken, John McIntyre, and Ron Volesky; and Representatives Kay Davis, Clarence Kooistra, Mel Olson, and Lou Sebert.

Staff members were Annie Mertz, Senior Fiscal Analyst, and Teri Retrum, Senior Legislative Secretary.